

FISCAL NOTE

SB 3014 - HB 3868

March 13, 2006

SUMMARY OF BILL: Creates the “Tennessee Agricultural Ethanol Production Act (TAEPA) of 2006” as a three-year pilot-program to be implemented in the eastern grand division of the state. Requires incentive payments of \$0.30 per gallon for the production of gasohol. Requires incentive payments be paid to approved dealers from the Department of Revenue (DOR). Defines multiple terms as they apply to the TAEPA. Defines qualifying criteria and limitations for receiving incentive payments. Authorizes the Commissioner of the DOR to audit proofs of sale and any related invoices evidencing the sale of gasohol.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$60,000,000 per year for three years / DOR
\$30,000 One-Time**

Assumptions:

- According to the DOR, one producer of ethanol in Tennessee produces 60.0 million gallons of ethanol each year.
- “Gasohol” means a motor fuel containing a minimum 10% blend of ethanol with 90% unleaded gasoline or a bio-diesel fuel.
- Adding 540.0 million gallons of unleaded gasoline (90%) to the 60.0 million gallons of ethanol (10%) would provide a total of 600.0 million gallons of gasohol per year.
- One-third of gasohol production (200.0 million gallons) is sold to retailers in the eastern grand division of the state.
- The increase to state expenditures (DOR) is estimated to be \$60.0 million each year of the three-year pilot program (200.0 million gallons of gasohol sold to East Tennessee retailers X \$0.30 per gallon incentive payment = \$60.0 million).
- A one-time increase to state expenditures of \$30,000 to accommodate incentive payments made from the DOR.

- The provisions of this part shall only be applicable if the General Assembly appropriates the funds necessary to implement the provisions of this part by June 30, 2006.
- This act shall take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive, flowing style with a large initial "J" and "W".

James W. White, Executive Director